

The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC 01590-85
22 March 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM:
Acting National Intelligence Officer for Economics

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SUBJECT: US-Japan Trade Negotiations: Status Report

1. I attended today, 22 March 1985, a meeting of the Senior Ad Hoc Group on International Economic Policy chaired by Secretary Baker. Present, among others, were Secretaries Shultz, Baldrige, Dole, and Block, National Security Advisor McFarlane, and Ambassador Brock.

2. The Deputy US Trade Representative (Ambassador Smith), UnderSecretary of Commerce Olmer and UnderSecretary of State Wallace reported on the status of the negotiations. In general it was thought that, while some very substantial progress has been made in the sectoral negotiations, overall US objectives have not yet been met. Thus, it was concluded that:

- (a) Secretary Shultz will send a letter to Foreign Minister Abe which will acknowledge the serious efforts of the Japanese and progress to date, but which will indicate that further specific concessions remain necessary.
- (b) UnderSecretary Olmer will meet in Washington with Vice Minister Koyama of the Ministry of Posts and Telecommunications next week to discuss the telecommunications sector.
- (c) Probably Gaston Sigur of the NSC Staff will be asked to convey a message (as yet undefined) to Prime Minister Nakasone late next week.

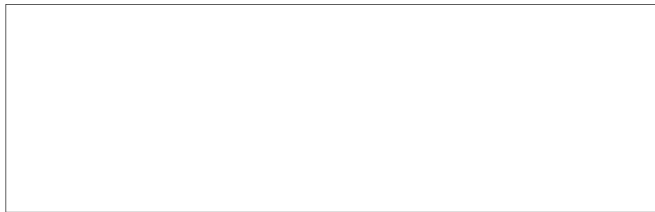
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- (d) In the meantime, a review will be initiated of US options in imposing trade sanctions against the Japanese.
- (e) No agreement will be concluded with the Japanese on air freight before 1 April, notwithstanding substantial recent progress in those negotiations.

4. Ambassador Brock reported that Senator Danforth is working on a bill which would direct the Administration to initiate trade sanctions against the Japanese in all four sectors under discussion within 45 days. The Ambassador is not optimistic that the Administration can prevent such a bill--in some form--from being reported out of Committee next week and passing prior to the May Economic Summit. Secretary Shultz's letter will make reference to this proposed legislation.



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